

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**PLAINTIFF SEC'S MOTION TO DISBURSE FUNDS TO PAY
FEES AND EXPENSES OF DISTRIBUTION AGENT**

The Securities and Exchange Commission (the “Commission”) respectfully requests that the Court enter an Order approving the payment of costs, fees and expenses incurred by the Distribution Agent, Gilardi & Co., LLC (“Gilardi”) from the distribution fund. By separate orders dated November 16, 2011, the Court entered Final Judgments as to defendants Joseph F. “Chip” Skowron III (“Skowron”) and Yves M. Benhamou (“Benhamou”) and as to relief

defendants FrontPoint Healthcare Centennial Fund, L.P., FrontPoint Healthcare Flagship Enhanced Fund, L.P., FrontPoint Healthcare Flagship Fund, L.P., FrontPoint Healthcare Horizons Fund, L.P., FrontPoint Healthcare I Fund, L.P., and FrontPoint Healthcare Long Horizons Fund, L.P. ("Relief Defendants") pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. Pursuant to the Final Judgments:

- Skowron paid a total of \$2,720,000 in civil penalty to the Clerk of this Court on November 22, 2011;
- Benhamou paid a total of \$60,375 to the Clerk of this Court on November 23, 2011, consisting of \$52,138 in disgorgement and \$8,237 in prejudgment interest; and
- The Relief Defendants paid a total of \$33,020,825 to the Clerk of this Court, consisting of \$29,017,156 in disgorgement and \$4,003,669 in prejudgment interest.

(the "Distribution Fund"). The Distribution Fund was deposited into three interest-bearing accounts all under the case name designation "SEC v. Joseph F. "Chip" Skowron III, et al., 10-CV-8266-DAB (S.D.N.Y.)."

All of the settlement funds constitute a Qualified Settlement Fund (QSF) under Section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5.

On June 04, 2012, this Court entered an Order (Dkt. No. 29) approving the establishment of a fair fund to distribute the funds on deposit in the CRIS account. The Court also appointed Gilardi as the Distribution Agent to administer the Distribution Plan in accordance with the terms of the Court approved Distribution Plan.

Under the terms of the Distribution Plan, Gilardi is entitled to be paid from the Distribution Fund all reasonable costs, fees, and other expenses incurred in the performance of their duties. The Distribution Agent has incurred fees and expenses totaling \$128,784.30.

Exhibit A is Invoice 3858-1, dated October 28, 2013, totaling \$104,632.05, for services and expenses incurred through September 22, 2013. Exhibit B is Invoice 3858-2, dated April 7, 2014, totaling \$24,152.25 for services rendered from September 23, 2013 through March 23, 2014. These invoices cover fees for consulting and coordinating the Distribution Plan methodology, drafting the Distribution Plan and other necessary documents and customizing software with the calculation methodology. They also include expenses, among other things, for designing and building the Fair Fund Website, handling returned undeliverable mail, claims processing, and postage and other expenses. The invoices have been reviewed by the undersigned Commission counsel who have no objections.

WHERFORE, for all the foregoing reasons, the Commission respectfully requests that this Court enter an Order to Disburse Funds to Pay Distribution Agent's Fees and Expenses, and grant such other relief as it deems just and proper. A proposed Order is attached which provides for disbursement to be made by the Clerk of the Court from the CRIS account under the case name designation "SEC v. Joseph F. "Chip" Skowron III, et al.".

Dated: June 6, 2014

Respectfully submitted,

/s/ Nichola L. Timmons
Nichola L. Timmons (NT-6365)
Susan S. Pecaro
Attorneys for Plaintiff
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-5631
Tel: (202) 551-4456 (Timmons)
Tel: (202)551-4489 (Pecaro)
Fax: (703)813-9730
Emails: timmonsn@sec.gov and
pecaros@sec.gov